

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

OCTOBER 8, 1997

JK

DOCKET NO. 97-412-E - ORDER NO. 97-855

IN RE:	APPLICATION BY SOUTH)	
	CAROLINA ELECTRIC &)	ORDER APPROVING
	GAS COMPANY FOR)	THE ORGANIZATION
	APPROVAL OF THE)	OF BUSINESS TRUST,
	ORGANIZATION OF A)	THE ISSUANCE AND
	STATUTORY BUSINESS)	SALE OF SECURITIES
	TRUST UNDER THE LAWS)	AND THE REDEMPTION
	OF THE STATE OF)	OF PREFERRED STOCK
	DELAWARE AND CERTAIN)	
	RELATED ACTIVITIES,)	
	INCLUDING THE)	
	ISSUANCE AND SALE OF)	
	SECURITIES AND THE)	
	REDEMPTION OF)	
	CERTAIN SERIES OF)	
	PREFERRED STOCK.)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the verified Application dated September 29, 1997, and filed on October 2, 1997, by South Carolina Electric & Gas Company (the "Company") whereby the Company sought certain relief in the nature of the authorization and approval for the Company to organize a statutory business trust under the laws of the State of Delaware and to undertake certain related activities, including the issuance and sale of securities and the redemption of certain series of the Company's Cumulative Preferred Stock. The

Application was filed pursuant to S.C. Code Ann., 58-27-1710 (1976) and the Commission's Rules and Regulations.

As set forth in the Application, the Company requests approval of the following actions:

(1) for the Company to organize, pursuant to a Trust Agreement (the "Initial Trust Agreement") and an Amended and Restated Trust Agreement (the "Amended and Restated Trust Agreement," which, together with the Initial Trust Agreement, is referred to herein as the "Trust Agreement"), among the Company and one or more commercial banks, trust companies or other entities to be determined acting as property trustee (the "Property Trustee") and/or as Delaware trustee (the "Delaware Trustee") and several individual trustees to be determined (the "Administrative Trustees"), a statutory business trust under the laws of the State of Delaware (the "Trust"), and for the Company to purchase the common beneficial ownership interests in the Trust (the "Common Capital Securities"); and

(2) for the Company to enter into a Junior Subordinated Indenture (the "Debenture Indenture") and one or more supplements thereto with a commercial bank, trust company or other entity to be determined, as trustee (the "Debenture Trustee"), and to issue under the Debenture Indenture as supplemented and sell to the Trust up to \$55,000,000 principal amount of its junior subordinated debentures (the "Debentures"); and

(3) for the Trust to issue and sell up to \$55,000,000 liquidation amount of preferred beneficial ownership interests in

the Trust (the "Preferred Capital Securities," which, together with the Common Capital Securities, are referred to herein as the "Capital Securities") and apply the proceeds from the sale of the Capital Securities to purchase from the Company a like principal amount of the Debentures; and

(4) for the Company to enter into a Guarantee Agreement (the "Guarantee") with a commercial bank, trust company or other entity to be determined, as trustee (the "Guarantee Trustee"), pursuant to which the Company will guarantee the payment of certain distributions on and payments upon liquidation or redemption with respect to the Preferred Capital Securities; and

(5) for the Company to redeem, using the proceeds of short-term borrowings and other available moneys, all of the Company's outstanding 7.70% Cumulative Preferred Stock, 8.12% Cumulative Preferred Stock, 8.40% Cumulative Preferred Stock, 8.72% Cumulative Preferred Stock, and 9.40% Cumulative Preferred Stock (collectively, the "Preferred Stock") and apply the proceeds from the sale of the Debentures to reimburse the Company for amounts deposited to redeem the Preferred Stock or for general corporate purposes; and

(6) for the Company and the Trust to execute and deliver an Underwriting Agreement (the "Underwriting Agreement") with underwriters to be determined (the "Underwriters") providing for the sale of the Preferred Capital Securities; and

(7) for the Company to select the Property Trustee, the Delaware Trustee, the Administrative Trustees, the Debenture

Trustee and the Guarantee Trustee, and any successors thereto, and the Underwriters; and

(8) for the Company and the Trust to effect such further amendments and modifications to the Initial Trust Agreement, the Amended and Restated Trust Agreement, the Debenture Indenture, the Guaranty Agreement and all other documents and instruments executed and delivered in connection with the transactions contemplated thereby as may from time to time in the judgment of the Company be appropriate.

The Company has filed with this Commission as Exhibits to the Application preliminary forms of the Prospectus pursuant to which the Preferred Capital Securities will be offered and sold, the Initial Trust Agreement, the Amended and Restated Trust Agreement, the Debenture Indenture, the Guarantee and the Underwriting Agreement. The Company has also filed as Exhibits to the Application a pro forma balance sheet and income statement giving effect to the proposed transaction and the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

The Company has, by the Application, together with the Exhibits filed therewith, advised the Commission fully of the proposed transactions described therein, including the proposed organization of the Trust, the proposed terms of issuance and sale of the Debentures, the Common Capital Securities and the Preferred Capital Securities, the proposed terms of the Underwriting Agreement and the proposed redemption of the Preferred Stock, and of the Company's financial condition.

After investigation by the Commission Staff, and after full consideration by this Commission, we are of the opinion, and so find, that the matters set forth in the Application, together with the Exhibits filed therewith, are true and that the purpose of the transactions described in the Application is proper, that the arrangements for the proposed organization of the Trust, the proposed terms of issuance and sale of the Debentures, the Common Capital Securities and the Preferred Capital Securities, the proposed terms of the underwriting of the Preferred Capital Securities and the proposed redemption of the Preferred Stock are satisfactory and that the amounts of the Debentures, Common Capital Securities and Preferred Capital Securities to be issued and sold are reasonable and necessary for the Company's corporate purposes for the uses as stated herein. The Commission also finds that the information contained in the Application and its Exhibits complies with the requirements of Order No. 91-72 in Docket No. 91-032-E.

IT IS THEREFORE ORDERED:

1. The relief requested in the Application is hereby granted, including the authorization for the Company to make such modifications and changes to the forms of documents as may be necessary to consummate the transaction as approved.

2. That the Company file with the Commission within ten (10) days after the transaction is consummated, a copy of the final Prospectus, the Initial Trust Agreement, the Amended and Restated Trust Agreement, the Debenture Indenture, the Guarantee

and the Underwriting Agreement in the final forms in which they are executed.

3. That approval of this Application does not bind the Commission as to the ratemaking treatment of the subject transaction.

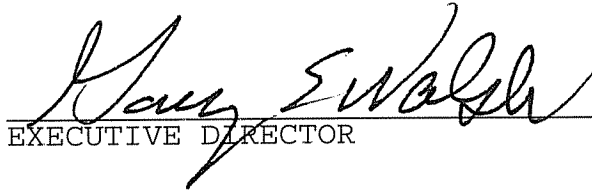
4. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and Order revisions, modifications, or changes with respect to any provision of the Order in accordance with the law.

5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION.


CHAIRMAN

ATTEST:


Deputy
EXECUTIVE DIRECTOR

(SEAL)